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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of

Telephone Number Portability

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CC Docket No. 95-116  
RM 8535

To: The Commission

DOCKET FILE COPY ORIGINAL

COMMENTS OF NEXTEL COMMUNICATIONS, INC.

NEXTEL COMMUNICATIONS, INC.

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Dated: August 16, 1996

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**COMMENTS OF NEXTEL COMMUNICATIONS, INC.**

**I. INTRODUCTION**

Pursuant to the Federal Communications Commission's ("Commission") First Report and Order and Further Notice Of Proposed Rule Making ("FNPRM"), released on July 2, 1996 in the above-captioned proceeding,<sup>1/</sup> Nextel Communications, Inc. ("Nextel") respectfully submits these Comments on the Commission's long-term telephone number portability cost recovery proposals.

**II. DISCUSSION**

In the FNPRM, the Commission seeks comment on a number of issues related to the proper method for recovering the costs of implementing long-term service provider number portability. The Commission tentatively concluded in the FNRPM that there are three general types of costs that will be incurred in implementing long-term number portability: (1) industry-wide costs, such as those incurred in establishing and maintaining the necessary databases; (2) carrier-specific costs directly incurred in implementing number

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<sup>1/</sup> First Report and Order and Further Notice Of Proposed Rule Making, CC Docket No. 95-116, FCC 96-286, released July 2, 1996.

portability; and (3) carrier-specific costs indirectly incurred as a result of implementing number portability.<sup>2/</sup>

Nextel agrees with these cost categories and supports the Commission's tentative conclusion that industry-wide and carrier-specific direct costs should be shared on a "competitively neutral" basis, consistent with Section 251(e)(2) of the Telecommunications Act of 1996,<sup>3/</sup> while carrier-unique costs should be borne by the individual carrier.

However, the public interest would be advanced by a more precise definition of "direct" and "indirect" carrier-specific costs. Because both types of costs could be significant for individual carriers, the Commission should provide carriers certainty as to those that will be shared with other industry participants and those that will be borne by the individual carrier. There will be an incentive to include as many costs as possible in the "direct" cost category in order to spread them among other carriers; therefore, the Commission should ensure that carriers have clear guidance on which costs will be or will not be pooled and shared with other carriers.

Regarding industry-wide costs, e.g., costs of creating and maintaining the databases, Nextel supports the Commission's tentative conclusion that these costs be borne by all "telecommunications carriers" based on each carrier's gross

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<sup>2/</sup> FNPRM at para. 208.

<sup>3/</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (hereinafter '96 Act), codified at 47 U.S.C. Section 251(e)(2).

telecommunications revenues. This is consistent with the '96 Act's requirement that costs be recovered in a competitively neutral manner.<sup>4/</sup> Although Nextel typically would support an allocation method that is based on cost causation, the competitively neutral standard eliminates the use of such a cost recovery method and appears better targeted to achieve the Commission's number portability objectives. Therefore, Nextel supports the Commission's conclusion that an allocation based on gross telecommunications revenues (less charges paid to other carriers) is appropriate and consistent with the '96 Act.

In calculating a carrier's "telecommunications revenues," however, the Commission must exclude those revenues that, while generated from the provision of a telecommunications service, are irrelevant to the imposition of telephone number portability. Nextel, for example, operates two types of SMR systems -- some of which are "covered SMRs" and therefore subject to the portability requirements, and some that are not "covered" and therefore not subject to number portability obligations.<sup>5/</sup> Nextel's local, traditional SMR systems offer primarily dispatch services with ancillary or limited interconnect capabilities. Because the primary function of local SMR systems is dispatch communications, other CMRS customers are unlikely to conclude that service provider

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<sup>4/</sup> See FNPRM at para. 213.

<sup>5/</sup> See First Report and Order, *supra*. at fn.1, at paras. 155-156.

number portability is a relevant service selection consideration.<sup>6/</sup> Revenues from these services, therefore, are irrelevant to the computation of gross telecommunications revenues for purposes of allocating telephone number portability costs and should be excluded.<sup>7/</sup>

Assuming the Commission properly calculates gross telecommunications revenues, Nextel further supports using this allocation method for both non-recurring and recurring industry-wide costs of number portability.<sup>8/</sup> Nextel supports the pooling of direct carrier-specific costs on a regional basis, and allocating them according to the same gross telecommunications revenues allocation methodology. Carriers' recovery of these costs from consumers, however, should be left to the individual carrier.<sup>9/</sup> The Commission should not eliminate a carrier's flexibility by mandating one particular method of cost recovery.

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<sup>6/</sup> Like Narrowband PCS, for example, these SMR services "will have little competitive impact on competition between providers of wireless telephony service or between wireless and wireline carriers." FNPRM at para. 156.

<sup>7/</sup> Including such revenues could impose such a significant cost burden on carriers that the Commission would impede the carrier's entry into the marketplace and hinder its attempts to gain a competitive position in that market. This would be particularly true of new entrant providers, such as Nextel, that are currently focused on construction and implementation of new, competitive enhanced SMR systems.

<sup>8/</sup> See FNPRM at paras. 216 and 217.

<sup>9/</sup> See FNPRM at para. 223.

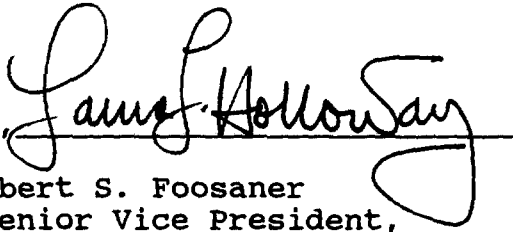
### III. CONCLUSION

In the '96 Act, Congress explicitly stated that the recovery of long-term number portability costs should be borne by all "telecommunications carriers" on a "competitively neutral" basis. This requires that the Commission impose cost recovery obligations on all carriers. Moreover, it requires that the Commission develop a cost recovery mechanism that will not impede the entry and competitive growth of carriers attempting to gain a foothold in the marketplace. Imposing significant costs on such carriers would not increase competition in the telecommunications marketplace -- particularly the wireless marketplace where, unlike the local exchange, number portability is not as immediate a priority.

Nextel supports a cost recovery mechanism based on each providers' gross telecommunications revenues as long as the Commission's calculation of those revenues properly excludes

services that are irrelevant to the implementation of telephone number portability.

Respectfully submitted,  
NEXTEL COMMUNICATIONS, INC.

By,   
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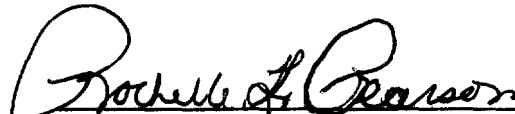
Dated: August 16, 1996

**CERTIFICATE OF SERVICE**

I, Rochelle L. Pearson, hereby certify that on this 16th day of August 1996, I caused a copy of the attached Comments of Nextel Communications, Inc. to be served by hand delivery to the following:

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